

## Message Text

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ORIGIN EB-08

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CAB:HASWALL  
L/EB:JBELLO

-----129088 222249Z /66

P 222304Z DEC 77  
FM SECSTATE WASHDC  
TO AMEMBASSY PARIS PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, FR

SUBJECT: CIVAIR: SUPER-APEX FARES

REF: STATE'S 246864

1. FRENCH EMBASSY HAS SUBMITTED DIPLOMATIC NOTE TO  
DEPARTMENT CONCERNING SUPER-APEX FARES. FOLLOWING IS  
TEXT OF NOTE:

QUOTE "THE EMBASSY OF FRANCE PRESENTS ITS COMPLIMENTS  
TO THE DEPARTMENT OF STATE AND HAS THE HONOR TO TRANSMIT  
TO IT THE FOLLOWING AIDE MEMOIRE:

ON OCTOBER 17, 1977, THE CIVIL AIR ATTACHE OF THE  
EMBASSY OF THE UNITED STATES INFORMED THE MINISTRY OF  
FOREIGN AFFAIRS OF THE UNITED STATES AUTHORITIES'

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REACTION TO THE FILING BY AIR FRANCE OF NEW SUPER-APEX  
FARES BETWEEN THE UNITED STATES AND EUROPE FOR THE  
1977-78 WINTER SEASON.

ALTHOUGH THE UNITED STATES AUTHORITIES ARE COMMITTED TO  
A LOW-FARE POLICY, THEY BELIEVE THAT THE NEW SUPER-APEX

FARES MUST BE REGARDED AS EXPERIMENTAL IN NATURE BECAUSE THEIR EFFECT ON THE COMPETITIVE STRUCTURE OF NORTH ATLANTIC PASSENGER RATES IS YET UNCLEAR. ACCORDING TO THE UNITED STATES AUTHORITIES THE POSSIBILITY EXISTS THAT THESE EXPERIMENTAL FARES, ONCE INTRODUCED, COULD BECOME PERMANENT EVEN THOUGH THEY MIGHT LATER PROVE TO HAVE A DISRUPTIVE EFFECT ON THE MARKET. THIS, THE UNITED STATES AUTHORITIES BELIEVE, IS DUE TO THE FACT THAT THE PROVISIONS OF SECTION V OF THE ANNEX TO THE FRANCO-AMERICAN AIR SERVICES AGREEMENT DO NOT EASILY PERMIT THE SUSPENSION OF EXISTING FARES. IN ORDER TO ALLOW FOR THIS SUSPENSION, THE UNITED STATES AUTHORITIES PROPOSE THAT NEITHER GOVERNMENT WILL, WITH REGARD TO SUPER-APEX FILINGS FOR EFFECTIVENESS DURING THE 1978 SUMMER SEASON, APPLY THE PROVISIONS OF THE FRANCO-AMERICAN AIR SERVICES AGREEMENT TO MAINTAIN IN EXISTENCE ANY NEW SUPER-APEX FARES WHICH MAY HAVE BEEN APPROVED FOR THE 1977-78 WINTER SEASON IF THE OTHER GOVERNMENT HAS DISAPPROVED A SIMILAR SUMMER FARE FILING. MOREOVER, DURING THE 1977-78 WINTER SEASON EITHER GOVERNMENT MAY TAKE ACTION TO PREVENT THE CONTINUATION OF SUCH FARES ON OR BEFORE THEIR RESPECTIVE DATES OF EXPIRATION, PROVIDED THAT IT NOTIFIES THE OTHER GOVERNMENT SIX WEEKS IN ADVANCE OF ITS INTENT TO TAKE SUCH ACTION AND AGREES TO CONSULT WITH THE OTHER GOVERNMENT IF CONSULTATIONS ARE NECESSARY.

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THE FRENCH AUTHORITIES REGRET THAT THEY CANNOT ACCEPT THE PROPOSALS MADE BY THE UNITED STATES AUTHORITIES. INDEED, TO MAKE EXCEPTIONS FOR PURELY CIRCUMSTANTIAL REASONS TO THE APPLICATION OF CERTAIN PROVISIONS OF AN AIR SERVICES AGREEMENT WHICH SOLEMNLY BINDS THE TWO GOVERNMENTS WOULD BE COUNTER TO THE PRACTICES GOVERNING INTERNATIONAL RELATIONS.

THE FRENCH AUTHORITIES DOUBT THAT SUPER-APEX FARES COULD PRESENT SUCH A DANGER FOR CHARTER FLIGHTS AS TO JUSTIFY THE ARGUMENTS SET FORTH IN THE PROPOSALS OF THE UNITED STATES AUTHORITIES. THE EXPERIENCE OF THE FRENCH AUTHORITIES IN CONNECTION WITH SUCH FARES, I.E. THE SUPER-APEX FARES EXISTING FOR PASSENGER TRANSPORT BETWEEN CANADA AND EUROPE, SEEMS TO PROVE THAT THIS DANGER DOES NOT EXIST. THE FRENCH AUTHORITIES BELIEVE THAT UNDER THESE CONDITIONS THE INTRODUCTION OF SUPER-APEX FARES BETWEEN FRANCE AND THE UNITED STATES WOULD NOT CONSTITUTE A DANGER FOR THE TRAFFIC CURRENTLY SERVED BY NONSCHEDULED FLIGHTS, BUT RATHER WOULD MEET THE NEED OF SCHEDULED SERVICES TO CHARGE FARES PLACING

THEM IN THE SAME COMPETITIVE CONDITIONS AS THOSE OF CURRENT NONSCHEDULED SERVICES. THE DEVELOPMENT IN RECENT YEARS OF THE SHARE OF TRAFFIC SERVED BY EACH OF THESE TWO TYPES OF SERVICES AMPLY JUSTIFIES THIS ANALYSIS IN THE OPINION OF THE FRENCH AUTHORITIES.

THE FRENCH AUTHORITIES THUS REQUEST THE UNITED STATES AUTHORITIES TO RECONSIDER THEIR POSITION IN THIS REGARD." UNQUOTE

2. DEPARTMENT REGRETS THAT GOF FEELS IT IS UNABLE TO SIGN SUCH AN AGREEMENT. DEPARTMENT, HOWEVER, MUST HAVE SUCH AN AD HOC AGREEMENT BEFORE FARES IN QUESTION MAY LIMITED OFFICIAL USE

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BECOME EFFECTIVE.

3. FRENCH OBJECTION TO AD HOC AGREEMENT SEEMS TO BE BASED PRIMARILY ON THE RELATIONSHIP BETWEEN THE AD HOC AGREEMENT PROVISIONS AND THE US-FRANCE AIR SERVICES AGREEMENT. IF THIS IS THE CASE, DEPARTMENT PREPARED TO MAKE APPROPRIATE CHANGES IN U.S. NOTE TO ELIMINATE REFERENCE TO THE BILATERAL. THIS CAN BE DONE BY OMITTING PARA IN NOTE BEGINNING QUOTE "IN VIEW OF THIS POSSIBILITY, THE UNITED STATES PROPOSES ...."UNQUOTE

4. FOLLOWING PARA SHOULD BE USED TO REPLACE PROVISION OMITTED ABOVE: QUOTE

IN VIEW OF THIS POSSIBILITY, THE UNITED STATES PROPOSES THAT THE AUTHORITIES OF BOTH COUNTRIES AGREE THAT THE NEW SUPER-APEX FILINGS PRESENTED BY AIR FRANCE ARE EXPERIMENTAL AND WILL NOT CONTINUE IN EFFECT AFTER MARCH 31, 1978 IF THE SUMMER 1978 SEASON SUPER-APEX FILINGS CANNOT BE AGREED UPON. MOREOVER, DURING THE 1977-78 WINTER SEASON, EITHER GOVERNMENT MAY TAKE ACTION TO PREVENT THE CONTINUATION OF SUCH FARES ON OR BEFORE THEIR RESPECTIVE DATES OF EXPIRATION, PROVIDED THAT IT NOTIFIES THE OTHER GOVERNMENT SIX WEEKS IN ADVANCE OF ITS INTENTION TO TAKE SUCH ACTION AND AGREES TO CONSULT WITH THE OTHER GOVERNMENT IF CONSULTATIONS ARE REQUESTED." UNQUOTE

5. THIS REVISION WILL AVOID REFERENCE TO BILATERAL, AND AT SAME TIME STILL RETAIN THE SUSPENSION RIGHTS THAT USG DESIRES.

6. ACTION REQUESTED: EMBASSY REQUESTED TO SUBMIT THIS LIMITED OFFICIAL USE

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REVISION TO APPROPRIATE GOF OFFICIALS AND REPORT

RESPONSE SOONEST.

7. COMMENT: EMBASSY MAY WISH TO POINT OUT TO FRENCH THAT FRANCE IS NOW ONLY MAJOR WEST EUROPEAN COUNTRY UNABLE TO OFFER SOME FORM OF NEW LOW-FARE TO ITS CITIZENS, OR TO ANYONE ELSE TRAVELING BETWEEN THE U.S. AND FRANCE. SPAIN, U.K., BELGIUM, THE NETHERLANDS, GERMANY, AND SWITZERLAND HAVE ALL SIGNED AD HOC AGREEMENTS, AND ITALY HAS THE NEW ALITALIA LOW-FARE PACKAGE IN EFFECT. VANCE

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## Message Attributes

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